

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6965

BILL NUMBER: SB 249

NOTE PREPARED: Dec 31, 2009

BILL AMENDED:

SUBJECT: Redevelopment and military base reuse authorities.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *TIF:* This bill adds expenditures that benefit local public improvements or structures as allowable expenditures by a redevelopment authority and for which a redevelopment authority may reimburse any other governmental body if the improvements or structures serve or benefit the authority's allocation area. The bill also removes the restriction on using the redevelopment authority's allocation fund for operating expenses of the redevelopment authority.

MBRA: The bill provides that expenses may be incurred by a military base reuse authority (MBRA), any other department of the unit, or a department of another governmental entity for local public improvements or structures that are in the allocation area or directly serving or benefitting the allocation area, including expenses for the operation and maintenance of these local public improvements or structures if the authority determines it is necessary or desirable to carry out the purposes of the authority. This bill provides that the allocation fund may not otherwise be used for operating expenses of the reuse authority.

PILOTS: This bill requires the consent of the MBRA before a local government unit may adopt an ordinance to require a reuse authority to make payments in lieu of taxes with respect to the authority's property that is exempt from property taxes.

Utilities: The bill provides that a MBRA that owns or acquires a public utility to provide water service or sewage disposal service has all the powers and duties of a municipal board and municipal legislative body with respect to the operation of a municipal water utility or municipal sewage works.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *TIF*: Under current law, a redevelopment authority may reimburse another governmental body from a TIF allocation fund for expenditures made for local public improvements or structures in or serving or benefitting the allocation area. This bill would also permit reimbursements for expenditures that *benefit* those local public improvements or structures.

Under the current law, money in a TIF allocation fund may not be used for operating expenses of the redevelopment authority. This provision would allow operating expenses to be paid from the fund.

These provisions would expand the possible use of existing funds.

MBRA: Under current law, a reuse authority may pay for expenses incurred only by the reuse authority for local public improvements or structures in or serving or benefitting the allocation area. This bill would also permit reimbursements for the operation and maintenance of the improvements or structures. In addition, this provision would allow these reimbursements to be made to another department of the unit or to another governmental entity for the same type of expenses. This provision would expand the possible use of existing funds.

Utilities: Under this provision, a MBRA that owns a water or sewage disposal utility would run the utility as if the reuse authority were a municipality. All statutes regarding municipal utilities would apply including those regarding employment, contracts, user fees and rates, construction, and bonding.

Background Information: There are TIF and TIF-like allocation areas located in 358 taxing districts in 76 counties, with multiple allocation areas within some taxing districts. In 2009 (2008 for one county), \$17.0 B in real and personal property AV was allocated to these districts, generating \$446 M in TIF proceeds.

Explanation of Local Revenues: *PILOTS*: Under current law, taxing units affected by the closing of a military base may require the reuse authority to make payments in lieu of taxes (PILOTS) on exempt property owned by the reuse authority. Under this bill, taxing units could require the payments only with the consent of the reuse authority. This provision could limit the amount of PILOTS received by local taxing units.

State Agencies Affected:

Local Agencies Affected: Local redevelopment commissions and military base reuse commissions.

Information Sources:

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